



1483 Chain Bridge Road, Suite 300

McLean, VA 22101-5703

USA

Telephone (+1 703) 821 5002

Facsimile (+1 703) 821 3795

Email: help@meatnz.com

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Country of Origin Labeling Program
Agricultural Marketing Service, USDA
Stop 0249, Room 2092-S
1400 Independence Avenue, S.W.
Washington, DC 20250-0249

By fax: (202) 720-3499

Dear Sir or Madam

Re: Docket Number LS-02-13 – Guidelines for the Interim Voluntary Country of Origin Labeling of Beef, Lamb, Pork, Fish, Perishable Agricultural Commodities, and Peanuts Under the Authority of the Agricultural Marketing Act of 1946

I am submitting these comments on behalf of the New Zealand Meat Board, the operational name of which is Meat New Zealand ("MNZ"). MNZ was established by New Zealand's Meat Board Act of 1997 and has as its purpose the attainment of the best possible net ongoing returns for New Zealand livestock, meat products, and co-products on behalf of New Zealand farmers of sheep, cattle and goats. In pursuing this objective, the Board must have regard to the "desirability of the meat industry making the best possible net ongoing contribution to the New Zealand economy".

The New Zealand farming industry does not receive subsidies at either production or marketing stages. Nor does it have access to export subsidies. It must survive by its own productivity, efficiency and competitiveness. Therefore New Zealand meat producers are justifiably particularly sensitive to the imposition of unnecessary costs, whether in New Zealand or in countries to which their products are exported. Unnecessary compliance costs will be passed on to farmers. They cannot pass them further. As Meat New Zealand has a responsibility to seek to maximize the price paid to the New Zealand producer, **MNZ strongly opposes** the **mandatory** country-of-origin labeling ("MCOOL") provisions included in the Farm Security and Rural Investment Act of 2002 ("FSRI Act") because they would unnecessarily increase costs and thus reduce the final return to the New Zealand producer.

MNZ **supports voluntary** country-of-origin labeling. Indeed, New Zealand's lamb meat exporting industry is well known for its country of origin proposition and is frequently cited as an example of positive differentiation – carried out voluntarily. New Zealand's unsubsidized industry responds to market signals including those that indicate a market-based incentive for such identification and differentiation. We believe the same should apply in the U.S.

Prior to the passage into law of the FSRI Act, opportunities to differentiate according to origin already existed. Thus the apparent consumer demand for such differentiation, including that relating to



attributes associated with products "Made in the U.S." could be met and, according to a number of the advocates of MCOOL in their submissions on implementation, a premium obtained for doing so. It is therefore unnecessary to mandate COOL by legislation and regulation, and add costs to the system, because the market already provides appropriate incentives.

MCOOL provides no improvement in food safety

In the meat sector, MCOOL will invite consumers to believe product containing imported meat is of lower safety than domestic product even though such an inference is not supported by fact. MCOOL would not provide any greater assurance of the safety of "covered commodities" than that which is provided by existing legislation, regulated by the USDA Food Safety and Inspection Service and Food and Drug Administration for example.

MCOOL is a non-tariff trade barrier intended to discriminate against imported products on the basis of nationality. International agreements to which New Zealand and the U.S. are signatories provide agreed protocols for providing safe food – rightly based on sound science rather than specifically on origin.

Integrity of COOL is vital

The agency's role is to implement the existing legislation. The legislation requires all covered commodities of all national origins to be labeled. Therefore, it is incumbent on the agency to develop regulations that will ensure the integrity of **ALL** MCOOL claims and hold all such label claims to an unambiguous standard of proof. Otherwise, the integrity of the whole system will be questionable.

A default category using an assumption that "everyone knows" a particular meat covered commodity is "born, raised and slaughtered in the U.S." would not provide such integrity, nor meet the statutory requirements. The proposed "verifiable recordkeeping audit trail" would. Therefore, when implementing MCOOL, MNZ believes it is a necessary condition that regulations include measures which require sufficient record keeping to ensure the integrity of the whole COOL system.

Animal ID

A number of submissions advocating MCOOL note the language that expressly prohibits the Secretary from mandating an animal identification system, but argue that USDA is attempting to do just that.

It is MNZ's view that appropriate freedom already exists for efficient, market-based solutions to be developed in the supply chain to provide verifiable and positive proof of the country of origin of a meat covered commodity sold at retail. The market will identify and select appropriate approaches. Voluntary individual animal identification is one such possibility. It is not necessary for the USDA to intervene and neither does it propose to. What it must do is provide a framework under which those systems are proven to achieve the outcome required by the statute – verifiable origin of all covered commodities sold at retail.

Advocates of MCOOL allege that consumers in the U.S. prefer products of U.S. origin. Presumably, and according to some submissions received by the agency to date, that is because there is a perceived value and thus premium for such "nationality".

A number of U.S. producers and their representatives complain that the present pre MCOOL regulatory environment results in the identity of imported meat, or meat from imported animals, being "lost" due to lack of labeling. In the absence of a robust system that **positively verifies** the origin of



all covered commodities, market incentives will exist for the identity of "non-U.S." animals or meat to be conveniently "lost" so that they fall into the default "Made in the U.S." category. Such meat may then benefit from the lower compliance costs and access the alleged premium for being "Made in the U.S."

The MCOOL framework must not discriminate against imported product. It must accommodate a situation in which a consumer preference for products **not** "Made in the U.S." exists or is developed in future. The system must be robust enough to afford producers of such commodities the same protections of their mandated origin statement as those obtained by producers of "American" commodities. This can only be achieved by requiring a verifiable audit trail for covered commodities from **all** origins.

Compliance Costs

Imported lean New Zealand Beef, which must be produced and transported under conditions that satisfy U.S. food safety regulators, is frequently blended with domestic fat trimmings from fed cattle to produce ground beef. The labeling requirements described in the Guidelines would restrict trade were they implemented in the MCOOL phase. They would restrict the flexibility of ground beef processors to meet customer needs in relation to quality, consistency, safety and value by using beef that is produced and traded fairly and which meets internationally agreed standards.

MCOOL will result in additional costs that outweigh the benefits. Compliance with existing legislation, which requires labels that inform the "ultimate purchaser" of the country of origin, already occurs. By mandating that such origin information must be carried through to the consumer, MCOOL increases costs in a number of ways from the cost of the labels themselves to the inherent complexity in labeling blended product to the systems required to verify the contents of the labels. A compelling case has not yet been made that the benefit of such labeling, including that on blended product "by order of prominence by weight", exceeds these costs. Therefore, the case for listing actual percentage by weight of the components of a blended product, such as ground beef, is even weaker and should be rejected.

Thank you for the opportunity to be able to provide comments. Please contact me should you have any questions regarding this submission.

Yours sincerely

A handwritten signature in cursive script that reads "Andrew Burt".

Andrew Burt
Regional Manager, North America